

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 CIAE-00 COME-00 EB-08
INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03
OMB-01 /050 W
-----028315 010213Z /21

R 312006Z JUL 78
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 0000
INFO AMEMBASSY BOGOTA
AMEMBASSY MANAGUA
AMEMBASSY GUATEMALA
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SAN JOSE 3248

E.O.11652: N/A
TAGS:(93-&4, EFIN, ETDR, CS, XM
SUBJECT: POSSIBLE REPEAL OF COSTA RICAN BANANA EXPORT TAX

REF: STATE 178767

1. EMBASSY HAS QUERIED VARIOUS SOURCES CONCERNING
REPORTED GOCR BANANA POLICY REVIEW AND POSSIBLE REPEAL
OF BANANA EXPORT TAX. THOUGH INFORMATION RECEIVED BY
EMBASSY CONTAINS SOME DISCREPANCIES, ELIMINATION OF
EXPORT TAX APPEARS HIGHLY UNLIKELY. FROM OUR QUERIES
ABOUT BANANA POLICY REVIEW, THE FOLLOWING SALIENT POINTS
HAVE EMERGED:

A. SHORTLY AFTER FEBRUARY ELECTIONS, PRESIDENT-ELECT
CARAZO REQUESTED THREE PROMINENT PRIVATE INDEPENDENT
BANANA PRODUCERS TO REVIEW EXISTING BANANA POLICY AND
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MAKE RECOMMENDATIONS TO IMPROVE GOCR POLICY. THIS
STUDY WAS COMPLETED SHORTLY AFTER CARAZO'S MAY 8
INAUGURATION AND SUBMITTED TO THE NEW PRESIDENT.

B. THE PRESIDENT TURNED THE STUDY OVER TO A NEWLY-
ESTABLISHED "TASK FORCE"S OF UNOFFICIAL ADVISORS
COMPRISED LARGELY OF PRIVATE SECTOR REPRESENTATIVES

(EXCLUDING LARGE MULTINATIONAL PRODUCERS/EXPORTERS).
TASK FORCE HAD BEEN CONDUCTING DETAILED REVIEW OF
COSTA RICAN BANANA POLICY AND IS SCHEDULED TO SUBMIT
FINDINGS/RECOMMENDATIONS TO THE PRESIDENT WITHIN SIXTY
DAYS. TASK FORCE REPORT WILL LIKELY BECOME WORKING
DOCUMENT FOR GOCR, PARTICULARLY THOSE MINISTRIES
RESPONSIBLE FOR EFFECTING POLICY CHANGES.

C. MAJOR OBJECTIVE OF TASK FORCE IS TO PROPOSE MECHANISMS
THAT WILL PERMIT EXPANSION OF BANANA PRODUCTION. THIS
EXPANSION RESTS LARGELY ON FEASIBILITY OF BRINGING SOME
5,000 HECTARES OF NEW LAND (ON ATLANTIC SIDE) INTO
BANANA PRODUCTION. IN ADDITION, IMPROVEMENT OF INFRA-
STRUCTURE, E.G., ROADS, PORTS, ETC., IS VIEWED AS AN
ESSENTIAL POLICY AGREEMENT IF GOCR IS TO ENCOURAGE
EXPANDED BANANA PRODUCTION.

D. RE MODIFICATION OF BANANA EXPORT TAXES, BEST INFORMED
SOURCES HAVE ADVISED US THAT TASK FORCE HAS DECIDED TO
RECOMMEND NO CHANGE IN TAX BUT MAY SUGGEST THAT RECEIPTS
FROM TAX SHOULD GO TO INFRASTRUCTURE SUPPORTING
BANANA PRODUCTION.

2. EMBASSY BELIEVES THAT THERE IS PRACTICALLY NO
POSSIBILITY OF TAX REPEAL AS SUGGESTED IN REFTEL.
EMBASSY OPINION IS SHARED BY INFORMED INDUSTRY,
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GOVERNMENT AND CENTRAL BANK SOURCES.
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Message Attributes

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Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
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Disposition Remarks:
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Litigation Codes:
Litigation History:
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Original Classification: LIMITED OFFICIAL USE
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